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ABSTRACT

The relationship of public policy and independent higher education is examined, and the antecedents of an intentional public policy are traced. A comprehensive public policy for the independent sector, which was issued in 1974 by the National Council of Independent Colleges and Universities (NCICU) is discussed in the context of social ideals and economic impact. In addition, issues identified in the 1974 statement, entitled "A National Policy for Private Higher Education," are compared with those stated in 1982 by the National Association of Independent Colleges and Universities (NAICU). The case for preserving a dual system of higher education is predicated on the social ideals of pluralism, diversity, and freedom of choice. There are also the quantitative considerations of economic impact on college communities and the minimization of state expenditures for higher education. Independent colleges have a particularly strong impact on small towns and rural areas, especially the church related colleges. Issues addressed by the policy statements include: tuition offset grants, federal incentive grants, student financial aid, income and tax laws that encourage philanthropic giving, federal regulation, support for academic research, and medical education. NAICU's policy statements also addressed state legislatures separate from the federal government. (SW)

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ABSTRACT

Public Policy and Independent Higher Education

by Marilyn K. Foster

This paper examines the relationship of public policy and independent higher education and traces the antecedents of an intentional public policy. In 1974, the National Council of Independent Colleges and Universities issued a comprehensive public policy for the independent sector titled, A National Policy for Private Higher Education. Justification for the issuance of such a statement is discussed in the context of social ideals and economic impact, and issues identified in the 1974 statement are compared with those stated in 1982 by the National Association of Independent Colleges and Universities. Finally, the paper looks briefly at some alternatives to continuing and, perhaps, increasing dependence on public policy and fiscal support.

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PUBLIC POLICY AND INDEPENDENT HIGHER EDUCATION

The alliance between higher education and government has always been an uneasy one. Clearly, the principle of institutional autonomy and the sacred tenent of academic freedom have made educators wary of too close an association with state or federal government. Yet, as the mission of higher education has shifted from the once elitist notion of preparing gentlemen for civic and professional leadership to the democratic ideals of equal access and equal educational opportunity, the lure of governmentally proffered monies has brought institutions--both public and independent--into an increasingly complex relationship with the public sector.

Only recently in the history of American higher education have colleges and universities sought to influence policy in a systematic and coherent fashion. Rivlin (1979) observes that in the 1950's no one in the higher education community had much experience with the federal government. Granted there was evidence of a long association through such specialized programs as the Morrill Acts, but there was no identifiable federal policy toward higher education and no one apparently thought there should be.

By the end of the 1960's, however, attitudes had changed significantly. College enrollments had doubled and a plethora of federal programs accompanied the influx of students: revised G.I. bills, social security benefits for college students, college work study,

guaranteed student loan programs, and graduate fellowships (Rivlin, 1979).

Social changes, particularly those associated with the Civil Rights Movement, focused national attention on equalizing opportunity. The federal government under the Johnson administration initiated several programs to aid college students financially, especially the economically disadvantaged. However, as colleges and universities became more and more dependent on the availability of federal dollars, they also recognized that the expansionary era of higher education was coming to an end. As a result, educational leaders began to contemplate an intentional and comprehensive public policy for higher education. Considerable debate followed, primarily over whether or not federal support should be given to students or directly to the institutions themselves.

By 1972 with the passage of the higher education amendments, the consensus was clearly one of promoting equal educational opportunity through the provision of aid directly to students. In 1973 the Report of the Special Task Force to the Secretary of Health, Education, and Welfare, more commonly known as the Newman Report, recommended a federal policy of healthy competition among institutions based on a free market concept of student choice. The report advised ". . . the federal government should chose forms of assistance which maximize the incentives for institutions to compete for students and minimize the risks of deliberate and inadvertent intrusion into institutional operations . . ." (p. 116).

In a sense, the policy decisions that eventually emphasized federal aid to students rather than to institutions recognized and honored the

long standing separation of federal responsibility from the provision of education. In reality, however, increased federal money brought additional demands for accountability and control. Furthermore, the acceptance of federal money required compliance with social regulations promoting such goals as affirmative action and accessibility for the handicapped.

A federal policy toward higher education had not evolved without cost to the autonomy to colleges and universities. Educators, in fact, began to talk about the "erosion" of institutional independence and the "unintended consequence" (Rosenzweig, 1979) of government intervention. The conundrum of public policy and the independence of higher education is aptly described by Rosenzweig (1979):

> The question of where higher education spends its money is not, at bottom, one of finances. Rather, it is a question of power and its distribution, of autonomy and its value, of high social purposes and their conflict. For all of these money is a surrogate, a convenient symbol for summarizing a cluster of issues that have to do with the constraints under which colleges and universities must operate . . . there is good reason to believe that the latitude for independent decision making that colleges and universities have enjoyed is being eroded and that the main instrument of that change is government. (p. 94)

While the concern generally about the erosion of institutional autonomy was shared by both publicly and privately supported colleges and universities, public discussions and considerations often ignored the private sector. Perhaps, because the very concept of "private" suggested that the body politic should have little or no interest in these institutions, the four major commissions or task forces[1] that studied higher education in the early 1970's treated public policy for the private sector only peripherally. Nonetheless, the "unintended

consequences" of public policy were obvious enough to the independent colleges. In 1974, the National Council of Independent Colleges and Universities (NCICU) stated:

> Government cannot help having policies that affect private higher education in one way or another, even though they are not so intended. Private institutions are affected whenever a new public institution is established or an old one closed, . . . whenever public tuitions are raised or lowered, whenever public salary levels for faculty are adjusted, whenever certain sections of the tax law are amended. (p. 2)

As a result, the NCICU in its report, A National Policy for Private Higher Education (1974), set forth a coherent and comprehensive public policy for the independent sector. "Policy makers," the report declared, "in both state and federal governments should give increasing attention to preserving and strengthening private higher education" (p. 5). In 1976, the National Association of Independent Colleges and Universities (NAICU) was established to present a unified voice for independent higher education, to keep both the public and the government informed about the concerns of independent colleges and universities, and to apprise its members of government actions that could affect their missions and operations.

Basic to effecting a public policy for private institutions was a determination to maintain the dual system of American higher education. The case for preserving such a dual system, i.e. a system comprised of both publicly and privately supported institutions, is predicated on the social ideals of pluralism, diversity, and freedom of choice. Repeatedly, organizations examining the relationships of private post-secondary institutions and political entities have cited these ideals as raisons d'etre. The Brookings Institution, for example, stated:

> The overriding goal for higher education policy is to insure that whatever resources are available are used efficiently to accomplish Society's educational objectives. A truly efficient policy must consider the value of diverse settings, attuned to the varied needs, abilities, and interests of the college population . . . The need for diversity, then, provides a first rationale for a public interest in private higher education. (Breneman and Finn, 1978, pp. 415 & 416)

Other organizations including the NCICU and the National Commission on United Methodist Higher Education indeed confirmed this role for private higher education, i.e. to act as counterpoise to governmentally controlled higher education and scholarly research. In effect, they said, private higher education serves to protect the independence of publicly supported colleges and universities as well as its own because its "existence defuses responsibility for higher education, which would otherwise be a sole prerogative of government" (NCICU, 1974, p. 10).

The arguments most often posited in support of a public policy for private higher education are, as the preceding paragraphs suggest, qualitative in nature. Yet, there are also the quantitative considerations of economic impact on college communities and the minimization of state expenditures for higher education.

Independent colleges have a particularly strong impact on small towns and rural communities, especially those colleges termed "church related." Colleges associated with the United Methodist Church, for example, serve to illustrate the point. Of the more than one hundred post-secondary institutions affiliated with this denomination, more than a third are situated in towns with populations of fifty thousand or less (National Commission on United Methodist Higher Education, 1976). Furthermore, the independent colleges in Kansas--all of which are church related--provide a convincing case for significant economic impact not

only to the predominantly small communities in which they are located but also to the state as a whole. According to the Kansas Independent College Association (n.d.) in academic year 1979-80, the volume of business generated by individual member colleges ranged from a low of $3,900,000 to a high of $21,400,000. The combined impact on the state's economy was estimated to be $390,000,0000. Nationally, independent higher education was a $17.3 billion enterprise (NAICU, 1982).

Furthermore, independent colleges educate more than 2,700,000 students each year (NCES, 1982). If private colleges were suddenly to disappear, the states would be faced with the responsibility of assimilating these students into the public colleges and universities at an additional cost to tax payers that would exceed $4 billion (NCICU, 1974). Clearly, the contributions to the general welfare made by colleges and universities of the independent sector exceed the educational, cultural, and social benefits directly provided by their programs.

However, an examination of the rationale for a public policy for higher education would not be complete without mention of the "need to survive." Predictions that as many as 200 small colleges will close in the 1980's (Magarrell, 1980) have surely prompted some members of the independent sector to devise and support public policy as a means to assure survival. That path, however, is fraught with peril.

As Benezet and Magnusson (1981) point out, during difficult economic times and declining student enrollments, many nonselective liberal arts colleges and marginally prestigious public institutions will be engaged in competition for students and programs that may ultimately lead to greater governmental control. Even more inimical,

however, may be the conflict over limited public fiscal resources. With budget cuts dictated by recessionary economics, public colleges and universities are certain not to sit quietly as private colleges seek increased, indirect financial assistance in the form of tuition grants.

However, it is important to point out, that while survival cannot be far from the minds of many small college presidents, the independent sector as a whole does not publicly recognize the need to survive as a basis for developing public policy positions. Breneman and Finn (1978) aptly make the point:

> Institutional "survival" per se is not our primary concern, nor do we regard it as a satisfactory criterion for public policy. If the supply of higher education has outstripped future demand . . . it follows that supply must shrink. (p. 418)

They do make clear, however, that informed public policy should provide an equal opportunity for both private and public campuses to survive and prosper.

As stated earlier, in 1974 the National Council of Independent Colleges and Universities took the initiative to develop a national policy toward private higher education. The Council's recommendations provided the basis for persuading public policymakers to take serious notice of private higher educational needs and priorities. Essentially, the NCICU recommended that:

1. Each state, through tuition offset grants, should substantially narrow the tuition gap between publicly and privately supported institutions.

2. Federal government should provide incencive grants to to states to encourage adequate aid to private colleges and to compensate for geographic inequities.

3. Funding of all federal student aid programs should be increased to provide a realistic number and amount of grants.

4. State educational planning agencies should consult with private institutions, when feasible make contracts with them for needed services, and avoid unnecessary duplication and wasteful competition.

5. Federal and state income, inheritance, and estate taxes should continue to encourage philanthropic giving and should be strengthened by a plan to increase charitable deductions for lower income tax payers.

6. "Other measures" should be adopted including a coherent national student loan program, reauthorization of Title III of the Higher Education Amendments (Strengthening Developing Institutions), increased funds for graduate study and research, and authorization of matching funds for remodeling and reconstruction of buildings.

These recommendations, however, were less than boldly stated and, in some instances, were clearly cautious and almost solicitous. For example, in its introductory remarks, the NCICU explained: ". . . we shall perforce speak of 'public' and 'private' institutions and of the public and private sectors . . . in doing so we do not seek to emphasize differences" (p. 1). In addition, in its discussions of fund raising by public institutions, the council couched its concern over increased competition for private funds in obvious understatement: "the private institutions should acknowledge that public colleges and universities may need private gifts for innovation and enrichment; the public sector should recognize that private institutions must enlarge their search for private funds . . ." (p. 37).

The tone underlying most of the NCICU's recommendations was one of vulnerability. Phrases such as "fragile stability," "apparent weakness," "critical condition," and "grave peril" were used to emphasize the seriousness of the financial problems faced by private colleges and universities. However, eight years later, in the face of even more threatening circumstances, the National Association of

Independent Colleges and Universities (NAICU), a successor to the NCICU, obviously viewed itself as a full and vital partner in the dual system of American higher education. The NAICU declared confidently and unapologetically that "in education, as in business, quality is enhanced by competition" (p. 1) and that "independent colleges and universities directly serve the public interest as integral though autonomous partners in the pluralistic system of higher education" (p. 9).

The tenor of the NAICU's 1982 policy statements was clearly one of assertiveness and cogency. In a section addressing social responsibility, for example, the NAICU vowed "to advance and support the unwavering allegiance of independent higher education to the social policy goals of equal opportunity for educational advancement . . . " (p. 3). In the area of student aid, the association declared it would "vigorously persue legislative action to create a new educational benefit program for persons who serve their nation" (p. 8). In proposing matters of concern to the states' legislatures, the NAICU pointed out that "the public interest requires that each state . . . activate policies that recognize and encourage the invaluable service role of independent colleges and universities" (p. 9).

Besides the noticeable difference in attitude, the public policy statements approved by the NAICU in 1982 provided sharp contrast to the NCICU's earlier statements in several other important ways. For instance, much of the 1974 policy statement was given to explaining and justifying the conclusions and recommendations of the NCICU, an expression, perhaps, of a careful and cautious entrance into the realm of public policy. The later statements of the NAICU were virtually void of rationale and explanation.

Another important difference between the two statements of policy for private higher education was the specificity with which the issues were addressed. As is apparent in the above summary of NCICU policy, the recommendations for public initiatives were general and sometimes equivocal, e.g. "the important objective [for student financial assistance] is not to adopt a particular scheme but effectively to narrow the tuition gap one way or another" (p. 6). The NAICU's 1982 statements, on the other hand, were concerned with particular and purposeful actions as the following sentence illustrates:

> NAICU will: (a) oppose classification of the charitable contribution deduction as a tax expenditure; and (b) vigorously oppose initiatives to include the tax deductions for charitable contributions as a subject for "automatic termination" through the sunset review. (p. 5)

Perhaps most significant, however, is the fact that the NAICU prepared a policy statement to address state legislatures separate from the federal government. While the NAICU did not ignore state government in its conclusions and recommendations, it frequently addressed state and federal policy in tandem. The impact of separating issues and addressing state and federal policymakers independent of one another is, indeed, important. The NAICU clearly recognized the importance of reminding state governments that they, in concert with institutions of higher education--independent as well as public, "share the primary objective of providing high quality educational services" (Furman, 1979, p. 98).

These differences are significant, especially since they suggest an evolution in political sophistication on the part of independent colleges and universities. In addition, the 1982 NAICU statements contain important additions. For example, nearly the entire first

section of the federal statement entitled "Institutional Responsibilities, Costs and Resources" addresses matters not identified in the earlier statement. Included here are objections to the "regulatory burdens" posed by state and federal governments alike and assertions that voluntary and self-regulation are the preferrable alternatives. Also included is support for voluntary accrediting agencies and the General Education Provisions Act that provides "protection against governmental intrusion" (p. 3). Furthermore, the section promotes "comprehensive regulatory reform legislation to relieve the burdens of regulatory reporting requirements" (p. 4). Finally, the section expresses concern "about the steady erosion of the tax exempt status of independent colleges and universities" (p. 5).

In fact these additions emphasize an increasing tension predicated on the desire to preserve institutional autonomy and the apparent need to accept government subsidy. Clearly, the overriding dilemma for private higher education, especially in the formulation and advancement of public policy initiatives is that:

> . . . it finds itself turning for solutions to the source of its problems . . . in advancing its case for beneficent public policy private higher education cannot escape the fundamental paradox that the more successful it is in garnering public support, the more dependent it becomes on that support, and the more its autonomy . . . is sapped by the terms of the support. (Breneman and Finn, 1978, pp. 448 & 449)

The mounting unease between governments and colleges and universities, prompted the formation of the Sloan Commission on Government and Higher Education. The Commission's intent was to seek a plan for renewed partnership; and in its report, the Commission stated:

> We are convinced that although there are real problems that will not go away, much can be done to improve the ways in which the government and colleges and universities get along. (p. 2)

> We call on the colleges . . . to recognize that some governmental oversight is inevitable. While we deplore the government's present lack of perspective, we also emphasize that it is unreasonable and unfair for higher education to accept billions in public money annually without being ready to account for its use, and without meeting the social goals toward which so much of the resented oversight is directed. . . . Our recommendations for improvement call for much self-regulation, and more is needed. (p. 5)

The Commission went on to recommend actions related to federal regulation, financial aid to students, support for academic research, and medical education that it believed would be "workable improvements on present practice" and would change "the present harsh wrangling to a more cooperative note." (p. 37) The Commission concluded, "In the end, it is the colleges and universities that must lead the way in adapting to the new circumstances of the next fifteen years." (p. 37)

To be sure, the task of wise and informed public policy making with regard to independent higher education is complex and difficult at best. The prospect of closer alliances with government is anathema to the traditions of independence. Yet, social and economic currents compel institutions to seek governmental assistance in order to maintain a "fair share" of the educational market place. Perhaps, Rosenzweig (1979), summarizes it best when he writes:

> The independence of institutions of higher learning will be protected . . . only to the degree that those who are responsible for those institutions are alert and aggressive in protecting their interests in the legislative process. (p. 95)

Still there are those who reject the alternatives of either renewed partnership or the careful vigilence that Rosenzweig suggests. Some,

for example, essentially ignore public policy initiatives and define, instead, the agenda for independent higher education along the lines of liberal arts tradition. Averill (1980), for example proposes a six-point agenda for the 1980's grounded in "creative vision" and reliance on professors and academic administrators. He proposes giving up comfortable ways of doing things, developing effective interaction with other colleges, increasing rewards and satisfactions for professors and other professional educators, renewing an emphasis on the quality of teaching, attending more carefully to student needs and expectations, and clarifying the "usefulness" of a liberal education. Blecher (1980), likewise, advocates a strict adherence to "a Christian humanist tradition" as a means not only of surviving but prospering in the 1980's.

Still others have looked to the American entrepreneurial ideal and have seen a new hope for institutional independence. The Council of Independent Colleges reports that several of its member institutions have "begun or are planning 'for-profit' businesses to secure their financial position (Scully, 1983, p. 5). Park College in Missouri, for example, has contracted with a private firm to mine more than 31 million tons of limestone from college-owned property. Not only will funds from the sale of the quarried stone strengthen the college's financial position, but the college intends also to lease warehouse space in the underground vaults left behind. Oklahoma Christian College and St. Andrew's Presbyterian College in North Carolina provide additional examples.

In summary, it appears that independent colleges, collectively and individually, will continue to influence the direction of governmental

regulation and the effect of public appropriations. Few are ready to refuse outright, federal and state dollars. But it also seems clear that colleges and universities in the private sector are re-examining their relationships with government and are seeking workable financial alternatives that are more clearly compatible with their sense of autonomy.

FOOTNOTE

[1]These four major commissions or task forces were the Carnegie Commission on Higher Education, the Committee for Economic Development, the National Commission on the Financing of Postsecondary Education, and the Special Task Force to the Secretary of Health, Education and Welfare.

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